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Approved For Release 2003/04/17 : CIA-RDP80-01826R000100130003-8

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~~SECRET~~CONTRACT PERSONNEL DIVISIONANNUAL REPORTFor the Period 1 July 1961 to 30 June 1962SUMMARY

Fiscal Year 1962 witnessed a sharp increase in all of CPD's activities. The number of contracts prepared rose, primarily due to the expansion in Task Force "W" and the Africa Division. The continued growth in the nonofficial cover field was evidenced by the increase in the number of staff and career agents on duty, the rise in the number of cover agreements executed, and the added number of posts classified by CPD for equalization allowance purposes.

Of particular significance were the problems arising from the rehiring of (1) retired annuitants and (2) personnel who have been declared surplus under [REDACTED]. Other developments of special interest were the Division's newly assigned responsibilities for the processing of consultants and for the review of compensation provided officials of proprietary organizations, and the study undertaken by the Chief, CPD concerning the retirement of indigenous personnel. In the regulatory field the Division's proposal for expanded authority in the field of special allowances and the amendment to [REDACTED] virtually eliminating the Letter of Authorization for military details, are worthy of mention.

The Division has, in addition, included in the annual report a statement concerning the work burden presently being carried by CPD, believing that it is our responsibility to bring this situation to your attention.

DOC	3	REV DATE	2-7-81	BY	[REDACTED]
ORIG COMP		OPI	32	TYPE	01
ORIG CLASS	5	PAGES	8	REV CLASS	5
JUST	22	NEXT REV	2011	AUTH	HR 10-2

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SECTION I. MAJOR ACTIVITIES DURING FY 1962

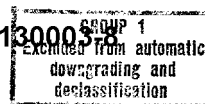
1. Workload Analysis

Previous year-end reports rendered by Contract Personnel Division have included a statistical comparison of the work activity of the fiscal year just completed with that of the previous year. This year, in order to provide a more significant perspective, we have also included the figures for FY 1959. Comparisons with the latter year are particularly relevant since it was during FY 1959 that a number of programs, leading to the greater use of the contract instrument as a "hiring" device, were first initiated. We refer to the appointment of division contract approving officers under [] and the creation of the Clandestine Services Agents Panel.

a. The comparison with FY 1959 in the attached chart clearly indicates the growth in the use of the contract instrument, a growth which was particularly marked in the preceding fiscal year. Most notable was the approximately 50% increase in the strength of contract agents due primarily to the development of special projects such as the [] Task Force "W". Also significant was the sharp increases in the categories of personnel most effected by the utilization of nonofficial cover i.e. Career and Staff Agents. The number of Career Agents on duty as of 30 June 1962 has risen 120% since the end of FY 1959; Staff Agent strength has increased approximately 70% in the same period of time. Further confirmation of this continuing growth can be seen in the increased number of contracts prepared in FY 1962 (70% more than FY 1959); and, in the nonofficial cover field, the 45% increase in cover agreements.

b. The activity in the nonofficial cover field has had its repercussions in all phases of this division's work as indicated in the tremendous increase in staff agent personnel actions; the rise in the number of the staff equalization allowances granted; and, in connection with the grant of these equalization allowances, the added number of new posts which the Agency has been required to classify since these had not been surveyed by the Department of State.

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SECTION II - SIGNIFICANT DEVELOPMENTS IN FY 1962

The developments that took place during FY 1962 which were of significant importance to CPD are indicated below. Paragraph one (1) relates to events that occurred during that year; paragraph two (2) to a trend that, while accentuated during FY 1962, has been visible for several years.

25X1 1. a. Re-employment of [] Surplus Personnel - As the [] exercise neared conclusion the DD/P felt it necessary to re-employ as specialists certain individuals who had been declared surplus. Since the re-employment of these persons could have far-reaching effects both inside and outside the Agency, a study proposing a set of criteria to govern the re-hire of such personnel under contract was prepared. Upon approval by the DD/S, Contract Personnel Division was made responsible for seeing that the criteria were met in each case. As of 30 June 1962 the Division had prepared contractual instruments for 4 persons on the [] list. Each document prepared and executed had received the approval of the following individuals: (1) the DD/P Division Chief, (2) the DD/P, (3) C/PMC (4) OGC and (5) the Director of Personnel. Three additional cases are in process for the coming year.

25X1 b. Re-employment of Retired Personnel - As a result of the Agency retirement policy regarding staff employees who have reached age 62, this Division has received a number of requests for the re-employment under contract of certain of these staff employees. The Division has made a careful analysis of the terms and conditions of retirement and has prepared a contractual instrument which would preclude the possibility of dual compensation. Most of these retired personnel have been re-hired under contract employee agreements wherein gross contractual compensation is reduced by the amount of annuity. The general policy, in the connection with the re-hiring of former staff employees, is that the net contractual compensation plus the annuity should not exceed their former staff salary. Close coordination has been maintained with OGC concerning the use of retired staff employees as consultants categorized as independent contractors.

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c. Retirement of Indigenous Personnel - For many years the retirement of indigenous personnel has been a source of discussion but little definitive action has been taken by any component of the Agency. During FY 1962, CPD was assigned the responsibility for determining the particular type of retirement which would be best suited for such personnel. To secure the basic data required, the Division prepared a questionnaire to be forwarded to our field stations in order to identify the indigenous personnel by station and by country and to define the contractual relationships of such personnel with this Agency. The questionnaire was released by the SSA/DDS on 23 May 1962 and reports are currently being received from our field stations. Upon completion of this survey, an analysis will be made and a recommendation prepared for a retirement plan, a termination bonus, or another suitable method for the disposition of this class of personnel when they reach retirement age.

d. Task Force "W" - The creation of TFW during FY 1962 increased not only the volume of contracts prepared and reviewed by this division but, also raised allied problems in the allowance field

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e. Africa - The current emphasis on the African continent, because of the special conditions existing in this geographic area, have required a number of special "hand tailored" nonofficial cover contracts. It has also been necessary to classify many of the posts in this area for equalization allowances inasmuch as State Department has made cost-of-living surveys for only a limited amount of posts in Africa.

25X1 f. The Chief, Contract Personnel Division, in response to a request from your office, has been revising and making recommendations on proprietary positions falling within To ensure the establishment of proper salary and wage standards, the Division has secured a set of manuals issued by the American Management Association and is currently using them as a basis for the recommendations.

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g. Amendments to Regulations

25X1 (1) During Fy 1962, Contract Personnel Division prepared an amendment to Allowances and Differential requesting authority to grant special allowances not previously authorized when required by unusual operational, security, or cover circumstances. OGC has indicated that they are unable to concur in the draft revision as presently written. They have requested that the proposed revision stipulate that

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requests for such special allowances be accompanied by a detailed justification and that the office concerned obtain the concurrence of the Comptroller prior to forwarding the request to the Director of Personnel. We are presently rewriting the amendment to meet the General Counsel's objections.

25X1 (2) A revision to [] Detailed Military Personnel, providing for the virtual elimination of the Letter of Authorization for military details, is presently being coordinated. The revisions incorporates the provisions formerly contained in the Letter of Authorization in the regulation. When approved, the revised regulation will serve as the authorizing document for payment of the normal military pay and allowances to detailed military personnel. Letters of Authorization will

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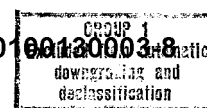
25X1 [] The proposal has not reached the stage where an actual amendment has been submitted for coordination but it is anticipated that this will be done in the near future.

2. The narrative and statistics contained in Section I pointed out the increase that has occurred in CPD's workload during the past three years. The increases cited were in the original functions assigned to CPD; there have been, in addition, other duties allotted to the Division during this period. The total workload has now reached a point where CPD is experiencing considerable difficulty in performing its assigned functions efficiently while striving to maintain the desired controls in the contract field. Indicated below, for your information, are the changes that have taken place in the Division's workload since 1959 which have led to our current difficulties.

a. As indicated by the statistics in Section I, the number of contracts prepared during FY 1962 increased 70% since 1959; the total on duty strength for contract personnel has increased approximately 30%.

b. The additional workload imposed on the Division is greater than the above figures would indicate, however, since there is also an increased requirement for "hand tailored" contracts to meet the demand for administrative simplification and to fit unusual cover situations.

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c. A further addition to the Division's workload has resulted from the acquisition of several activities which are peripheral to CPD's main function. In FY 1961, the Division began conducting exit interviews for contract employees located at Headquarters. In the same year, CPD was required to prepare personnel action requests for contract employees under ceiling in order to record them in the computer system.

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d. A still further addition to the workload was created by the assignment of functions which were not related to the Division's main activity. Mr [] formerly with BSD, carried his responsibility for liaison activities with other Government agencies in connection with Social Security and unemployment compensation matters with him when he was assigned to CPD in FY 1961. In the last few months of FY 1962, the Division was assigned the responsibility for consultant processing. The last function has added many hours to CPD's workload because of the new administrative requirements imposed by the Presidential directive of 9 February 1962.

e. The personnel on duty in CPD in 1959 totaled 10 (the Chief of the Division, 4 professionals, 5 secretarial and clerical); the total strength in 1962 was 9 (CPD has lost one typist during the 3 year period). The Division has only two contract specialists operating under the supervision of the Special Contracting Officer who also serves as Chief, Contract Personnel Division. The absence of one contract specialist due to leave, training, field trip, or illness places the entire workload on the remaining specialist.

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SECTION III - OBJECTIVES FOR FISCAL YEAR 1963

In view of the ceiling restrictions on the employment of staff personnel, it is CPD's belief that the use of the contract instrument as a "hiring" device will continue to grow in Fiscal Year 1963. Considering the current workload situation in the Division, CPD does not believe that it would be advisable to embark on any new programs at this time. Accordingly, CPD will focus its attention on the simplification of work procedures during FY 1963 to enable the divisional staff to handle the expected further expansion in the contract field. The contracts prepared and the files maintained by the Division will be examined with the goal of achieving the maximum standardization possible. Form letters will be utilized whenever feasible. Finally, since it is problematical whether the division can continue to maintain the prompt service heretofore provided, a system of priorities will be established. With the institution of the above measures, it is hoped that CPD can continue to service the DDP elements; maintain the excellent liaison relationship now existing with OGC, Finance Division, and other support elements; and exercise the controls which have become of greater importance with the current ceilings on personnel and money.

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